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FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 4604
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000949

SENSITIVE
SIPDIS

STATE PASS OPIC: RGREENBERG

E.O. 12958: N/A
TAGS: [EINV](#) [EFIN](#) [EAID](#) [ECON](#) [PGOV](#) [PREL](#) [NU](#)
SUBJECT: NICARAGUA: APPLICATION FOR OPIC FINANCE - PROCREDIT

REF: (A) State 096859 (B) Managua 941 (C) Managua 929 (D) Managua 625, (E) Managua 116, (F) 2009 Investment Climate Statement, (G) 2008 Managua

1. (SBU) The following information is provided in response to Ref A seeking Embassy Managua's comments on OPIC's plans to provide financing to Banco ProCredit Nicaragua via a subordinated loan to ProCredit Holdings A.G. ("PCH").

2. (SBU) The microfinance industry is under threat in Nicaragua. The "No Pago" (No Payment) movement has forced many microfinance institutions (MFIs) to close their offices, especially in northern Nicaragua (Refs B, E, F and H). Weak rule of law and poor internal controls in some MFIs have made them susceptible to infighting and embezzlement (Refs C and D). Meanwhile, the GON's aggressive expansion into microfinance through the National Rural Fund (CARUNA) -- an MFI funded through the Bolivarian Alliance for the Americas (ALBA) -- has heightened competition in the industry (Ref G).

3. (SBU) Action Request: Embassy Managua recommends that OPIC send a team to Nicaragua to better understand these recent developments in the n

Banco ProCredit Nicaragua

4. (U) Embassy Managua is not aware of any derogatory information concerning Banco ProCredit. Banco ProCredit started operations in Nicaragua